

Approved 10-23-2008

**THE SURF CLUB OF MARCO, INC.
BOARD OF DIRECTORS MEETING
MAY 29, 2008**

The meeting was called to order at 10:20 a.m. by President, M.T. Myers in the Social Room at The Surf Club of Marco, Marco Island, Florida. Board members in attendance were: M.T. Myers, Joe McCluskey and Sherwin Turk. Attending from Hilton Grand Vacations (HGV) were: Sharry Luneke – Resort Manager, Chris Schmadtke – Assistant to the Resort Manager, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

A sign in sheet was circulated to owners in attendance. Ms. Myers asked the owners to introduce themselves.

APPOINTMENT OF RECORDING SECRETARY

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to appoint Riki Martin as Recording Secretary for this meeting. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

APPROVAL OF AGENDA AND CERTIFICATION OF MEETING NOTICE

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to approve the agenda and certification of meeting notice. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

APPROVAL OF PREVIOUS MINUTES

MOTION was made by Mr. McCluskey and seconded by Mrs. Myers to approve the third draft dated 2-26-2008 minutes of the meeting held on January 17, 2008. Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.** Mr. Turk was not present for the board meeting therefore he is not voting.

A meeting was called to be held on April 4, 2008 Mr. Turk and Mr. McCluskey were unable to attend the meeting. Therefore no meeting was held.

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to approve the minutes of the meeting held on April 14, 2008. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

A vote was taken on the minutes of the April 14 meeting as presented today. Ms. Myers approved the minutes with the exception to page 5 last paragraph first four lines up to “one way or the other”.

OWNER AGENDA REQUESTS/COMMENTS/SUGGESTIONS

a. Board Communication

The Board reviewed the owner’s correspondence.

The Board was in agreement to keep the current policy for the fitness center. Sign for the door key at the front desk.

b. HGV Right of 1st. Refusal

Hilton Grand Vacations only has right of first refusal at the developed properties.

c. Room Moves/Check-In

Mrs. Luneke received a letter from an owner stating he has a recurring problem with check-in due to room moves. On high volume room move days there are now two housekeepers in the units in order to have the units available for check-in. Mrs. Luneke will monitor the comments from owners on check-in/check-out.

d. Beach Access/Common Area Usage

Some owners were told at the time of purchase that they could use the property any time through out the year. Mrs. Luneke has done a demographic study of Surf Club owner base.

Demographic Study
2008

Owners living in close proximity to the resort:

5 miles or less:	15
6 to 15 miles:	8
16 to 25 miles:	17
26 to 35 miles:	4
36 to 50 miles:	7
51 to 75 miles:	10
76 to 100 miles:	31
100 to 125 miles:	52

A total of 144 families live within 2 hours driving time to the resort. 51 within 1 hours driving time. 44 live 30 minutes or less to the resort.

MOTION was made by Mrs. Myers and seconded by Mr. Turk to allow owners a beach access day pass for beach access only and not to use the facilities. Ms. Myers voted yes, Mr. McCluskey voted no and Mr. Turk voted no. Motion failed.

f. Tax Billing

The unit week which was incorrectly listed as being owned by Hilton Grand Vacations has been corrected in Collier County records.

g. Fitness Room

The fitness room has been well received by owners. **MOTION was made by Mr. Turk and seconded by Mr. McCluskey to purchase a television, adjustable weight bench and mirrors for the wall.** Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

Ms. Myers recommended that management try to position the fitness equipment to face the ocean.

h. Quarterly Review of Weekly Owners' Meetings

The Board reviewed the weekly owners' meeting minutes.

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to authorize management to research and purchase full length mirror per unit cost not to exceed \$100. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

CREDIT CARD PAYMENTS/MAINTENANCE FEE BILLING

Ms. Kilpatrick stated that in the past The Surf Club has not promoted the use of credit cards, but have allowed payment by credit card. That is a manual process that costs money. In 2009 you will either pay by credit card online or by check via the lock box.

Ms. Kilpatrick will provide more information at the budget meeting. The Board asked Ms. Kilpatrick to find out what percentage of owners pay by credit card.

a. Variance Report

The Board reviewed the variance report and the allowance for bad debt.

b. Financial Report

The Board asked why operating funds had been moved to Comerica without their permission. The funds were moved to Comerica to get a better interest rate. The Board would like a written explanation on the interest rates with Comerica and Wachovia.

c. Delinquency Report

**SUMMARY OF ACCOUNTS
May 2008**

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	5	\$22,424.07

Other Action	8	\$32,795.54
Association Owned Weeks	<u>11</u>	<u>\$63,132.53</u>
Total	24	\$118,352.14
Additional Owners Only Having Current Year (2008) Due	60	\$64,977.17

d. RCI Report

The Board reviewed the RCI Report

e. 14000 account-Intraunit

Myers, Brettholtz & Company will provide the total year information.

2007 AUDIT

John Lopez of Myers, Brettholtz & Company, PA joined the meeting 11:10 a.m. – 12:35 p.m.

The CPA firm Myers, Brettholtz & Company, PA of Ft. Myers has audited the financial records through December 31, 2007. Mr. Lopez stated that the financial statements present a clean audit, in all material respects, the financial position of The Surf Club of Marco, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

PROCEDURES

a. Legal Forms/Contracts

Notice of commencement form is to be signed by the vendor.

b. Reserve Request

If tax is not listed on reserve request forms Mrs. Luneke will include tax.

LEGISLATIVE UPDATE

Ms. Myers has not received the Legislative update at this time.

CONFLICT OF INTEREST

The Board of Directors chose not to sign the conflict of interest policy.

INVESTMENTS

As soon as the information is available from HOA accounting Ms. Kilpatrick will email to the board members for discussion.

OLD BUSINESS

a. Wireless Access Update

Mr. Schmadtke presented proposals for wireless service. Hilton Grand Vacations Information Technology department will be conducting a site survey in the next few weeks. The Board of Directors authorized management to proceed with the investigation of wireless access.

b. Project Update

Dining room chairs have begun to delaminate. Bayfront Interiors has contacted the manufacturer who stated they will not replace the cushions. Diana of Bayfront Interiors will take responsibility and replace the cushions during super maintenance weeks. Ms. Luneke will send the vinyl samples to the Board.

Night time swimming pool lighting has been completed. Lighting is in compliance for turtle season.

Balcony tables have been added to the units.

Storage bins for the kitchen have arrived and will be added to the units.

Boardwalk repairs and fence installation on the South side of the property has been completed.

Collier Fence will submit a new proposal for the boardwalk gate to be sent to the board for approval.

Marco Island has been under strict water restrictions allowing watering once weekly. Mrs. Luneke has contacted Collier Irrigation to conduct a survey and provide a proposal for repairing sprinklers.

The current pool service has not provided adequate service. As of June 1 Waterworks Pool Service will take care of Surf Club property. Both Eagle's Nest and The Charter Club use Waterworks and are happy with the service.

Meeting recessed @ 6:30 p.m. on May 29

Meeting reconvened @ 10:05 a.m. on May 30

NEW BUSINESS

a. Elevators

The Bureau of Elevator Safety is requiring that elevator keys and related apparatus is operational in all elevators no later than July 1, 2009. The elevators are 26 years old and are not scheduled for replacement until 2013. Ms. Luneke has been keeping a log of the service calls. In preparing the budget she will see if the reserves can be adjusted to schedule replacement in 2009.

b. Exterior Lighting Proposal

Mrs. Luneke presented an exterior lighting proposal for entry islands and the portico island. Mr. McCluskey asked for a more detailed proposal as well as an additional proposal for review.

c. Guest Bedroom Mattress/Box Spring Proposal

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to discuss the Verlo mattress bid for consideration and authorize the Resort Manager to send out a prepared reserve request form to the new board for signature. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

d. Guest Bathroom Proposal

MOTION was made by Mr. McCluskey and seconded by Mr. Turk move forward with the proposal from Creative Interior Design, Inc. for the guest bathroom to include master bathroom knobs. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

e. Linen Service

Mrs. Luneke stated that Resort Linen Service would not be renewing the contract with The Surf Club which expires on July 31, 2008. She recommended that the resort revert back to in-house laundry service. **MOTION was made by Mr. Turk and seconded by Mr. McCluskey to accept the proposal from Southeastern Laundry Equipment to purchase the Soft Mount Industrial Washer/Extractor in the amount of 13,187.00 and revert back to in-house laundry service.** Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

f. Rentokil Inspection

Mrs. Luneke updated the board on the Rentokil contract.

VOTE TALLY ON FIVE MEMBER BOARD AMENDMENT

There were 1226 yes votes and 182 no votes on the five member board amendment. Therefore, the amendment failed.

ADJOURNMENT

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to adjourn the meeting. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

Meeting adjourned at 3:45 p.m.